

MSR Stakeholder Working Group
Orange/Villa Park/Orange Sphere of Influence
June 4, 2004

Meeting Notes

NOTE: The June 4, 2004 SWG Meeting Notes were taken by Danielle Ball, LAFCO Communications Analyst, in the absence of Kim Koeppen.

Call to Order

The meeting began at approximately 10:00 am.

Public Comments

Three members of the audience voiced comments to the Stakeholder Working Group (SWG) related to:

- ◆ Quality of life issues in the canyon areas, including: 1) street lighting impacts to night views in the canyons; 2) traffic impacts and concerns; and 3) the residents' current satisfaction with fire response times and protection services from OCFA Station #15, and the volunteer fire department.
- ◆ A suggestion that the working group consider convening its meetings on evenings or weekends since many members of the public are interested in the MSR process but have professional obligations that conflict with the SWG meeting times.
- ◆ The public benefits of open space and causes and impacts of urban sprawl.

Agenda/Desired Outcomes

The facilitator reviewed the intended focus of the meeting and desired outcomes as follows:

- ◆ Review remaining trending data
- ◆ Identify key questions and conclusions generated by the trending data
- ◆ Determine which of the eight macro areas the SWG will pursue in further detail
- ◆ Identify Technical Brainstorming Committees (TBC)
- ◆ The facilitator also indicated that the SWG's tasks would be to decide, after reviewing the trending data, if the group wanted to a) refine the list of macro issues, and/or b) create Technical Brainstorming Committees for further consideration of any or all of the macro issues.

Trending Data Presentation

LAFCO staff provided a brief overview of the presentation topics and the macro issue categories the presentation would cover: governance, water/sewer, fiscal.

Governance

- ◆ LAFCO staff began the presentation by stating that the foundation of the MSRs and the trending data is the “governance” of services, including the planning, financing, policies, implementation, and accountability of services.
- ◆ LAFCO staff referred to the *Growth Within Bounds* report of the Commission on Local Governance for the 21st Century (CLG21) and emphasized that the original purpose and intent of the MSRs was to broaden the abilities of the governing entities to enhance the reliability and efficiency of public services, beyond the existing boundary tools of LAFCO. (The report is available for download in PDF format at <http://www.opr.ca.gov/publications/PDFs/79515.pdf>.) It is ultimately the responsibility of the service agencies themselves to find and pursue collaborative opportunities for greater service reliability and efficiency (e.g., JPAs, joint facilities agreements, etc.).
- ◆ Governance is a key focus of the alternatives contained in the SWG’s 20-year vision plan.

Water and Sewer

LAFCO consultant Jennifer Christian, Conrad and Associates, indicated that development patterns, growth trends, and time would place stresses and strains on water and sewer.

Water

- ◆ The SWG was presented with an overview (maps and figures) of the current operations and activities of the existing water providers who have service territory in the MSR focus area. The SWG was provided graphic illustrations of existing water supply sources and costs.
- ◆ A SWG member indicated that there were inaccuracies in the water supply charts needing correction and that the listed water rates did not reflect an “apples-to-apples” comparison but should indicate factors of water rates and charges (e.g., population densities, topography, location, etc.). Comments were also made about the true relationship between population growth and water demands.
- ◆ The SWG reviewed a list of reliability measures and criteria prepared jointly by two SWG members. LAFCO staff concluded the presentation on water by highlighting a potential question for further discussion and/or study by the SWG and a potential brainstorming committee:
 - *What array of alternative governance structures, options, and arrangements are available to agencies to enhance the reliability of water services and delivery, infrastructure, and supplies as defined?*
- ◆ A SWG member suggested that the SWG could complete an inventory of supplies, connections, JPAs, and other agreements between the agencies.
 - Some agencies have significant points of interconnection, while others do not.

- Seeing an inventory that takes all these things into account may help the group to identify opportunities and alternatives for further cooperative inter-agency arrangements.
- ◆ Concerns were raised about whether the MSR process is being used to conduct a “report card” study and inventory of the various water and sewer agencies. LAFCO staff clarified that that was not the intent for the MSRs and that the trending data did not include that level of data or analysis.
- ◆ SWG members asked for further clarification about the relationship between the MSR process and the East Orange Utilities Study being prepared by The Keith Companies as part of the pending application for annexation of East Orange to the City of Orange.
 - LAFCO staff clarified that the utilities study is being prepared to help LAFCO fulfill its responsibilities for reviewing and considering “plans for providing services” for the pending annexation.
 - LAFCO staff clarified that the utilities study has a clearly defined focus to study the capital and operational costs for extending water and wastewater services to the project area under various governance alternatives. LAFCO staff also noted that the study would consider secondary financial impacts to the various affected agencies in the area.
 - LAFCO staff clarified that the Commission has the purview to review a broader range of policy issues when considering the annexation (e.g., urban runoff) and would do so at the time the annexation is taken to hearing.
- ◆ A SWG member commented that all the water agencies have similar mission statements and therefore share common interests. The mission statements would provide a good starting point for discussions by a TBC.
- ◆ A working group member requested that the LAFCO consultant expand the slide on water sources to include conditions and restrictions on water supply/availability.
 - What are they? Can they be overcome?

Sewer

- ◆ The SWG was presented with an overview (maps and figures) of the current operations and facilities of the existing local, retail sewer agencies that have service territory in the MSR focus area.
- ◆ LAFCO staff highlighted that an existing issue in the area is the ability of agencies and residents to plan for and implement the extension of sewer facilities and services to new customers, particularly those currently on septic systems. The fiscal hurdles to converting homes from septic to sewer in the existing urbanized areas (e.g., OPA, North Tustin) in particular were discussed.
 - Over 3,000 private septic systems in Orange County, many of them in OPA and North Tustin.

- Fiscal constraints – who and how to pay for capital improvements (i.e., sewer lines, lateral connections, etc.)?
- Existing efforts by Supervisor Bill Campbell to explore solutions for sewer services to unincorporated areas in OPA and North Tustin.
- Opportunity to form a group to brainstorm sewer financing options (e.g., assessment districts, reimbursement programs, etc.) to augment the existing efforts and discussions led by Supervisor Bill Campbell.
- Also opportunities to explore broader wastewater issues for the focus area.
- LAFCO staff concluded the presentation on sewer by highlighting potential questions for further discussion and/or study by the SWG and a potential brainstorming committee:
 - *Focused – What array of alternative financing options, measures, and arrangements are available to residents to fund the construction of sewer lines and other capital improvements that will facilitate the conversion of septic systems to public sewer?*
 - *Macro – What array of alternative governance structures, options, and arrangements are available to agencies that will enhance the efficiency and reliability of sewer services, infrastructure, and capacity?*
- ◆ The SWG clarified that there are two separate and distinct issues: 1) plans for public sewer in the East Orange development around the lake; and 2) existing areas on septic seeking to connect to sewer (e.g., OPA, North Tustin). A potential TBC would focus on the latter (OPA/North Tustin) and not address the pending sewer plans in East Orange.
- ◆ A SWG member mentioned that such septic-sewer issues are not exclusive to Orange County and presented Morro Bay as an example. He suggested that LAFCO could perhaps find other examples for examination in terms of implementation, cost, governance, etc.
 - Does the implementation for sewer infrastructure open the door for further development? (An issue in the canyon areas)
 - What about environmental concerns?

Urban Runoff

- ◆ Larry McKenney from the Orange County Watershed and Coastal Resources Division gave a presentation on urban runoff and the County's current efforts to coordinate with various agencies on a countywide strategic plan for runoff management.

Fiscal Outlook/Issues/Constraints

The LAFCO consultant provided an outlook on current and future financial issues in the area and discussed the County of Orange's fiscal challenges and opportunities in the urbanized, unincorporated areas of the focus area (e.g., small islands, OPA, North Tustin).

- ◆ Fiscal outlook:
 - Demographic changes
 - State tax “grab” (ERAF, VLF, sales, Governor’s two-year deal with local governments)
 - Public employee benefits costs (e.g., retirement, health care, etc.)
 - Cost of water
- ◆ Overview of the County’s general fund revenues and expenditures and services County is responsible for.
 - Revenues and expenditures countywide
 - Revenues and expenditures in OPA
 - County is “subsidizing” (service costs > tax revenues) unincorporated islands and areas where services are readily available by a neighboring agency or agencies.
 - As County costs increase, reductions in levels of service may be called for.
 - How can unincorporated islands and areas plan for the future and maintain (or enhance) levels of service.
 - County “local” services:
 - Public safety
 - Street maintenance and rehabilitation
 - Street sweeping
 - Street lighting
 - Planning (zoning, permitting, code enforcement, etc.)
 - Animal control
 - Libraries
 - The consultant concluded the presentation by highlighting a potential question for further discussion and/or study by the SWG and a potential brainstorming committee:
 - *What array of alternative governance structures, options, and arrangements are available for the County to consider in planning for future fiscal and service challenges?*
- ◆ SWG discussion points:
 - A SWG member stated that some of the County’s expenditures are tied to the revenues it receives (e.g., public assistance; if the County spends \$X, it gets \$Y more).
 - A SWG member commented that the County should explore cost savings opportunities related to the unincorporated areas (e.g., contracting with city law enforcement).
 - The County is subsidizing the unincorporated areas; the cost of providing municipal services exceeds revenues received.
 - LAFCO staff commented that there are tools beyond the scope of LAFCO that could provide cost savings opportunities to service providers (e.g., JPAs, contracts, etc.).

Selection of Macro Issues for Consideration

The SWG brainstormed the following macro issues as potential areas for further consideration/exploration through technical brainstorming committees:

- ◆ Open space
 - Strategic coordination of efforts for preservation/conservation, acquisition, and management
- ◆ Traffic impacts
- ◆ County Unincorporated MSR (Orange islands, OPA, North Tustin)
 - What services are provided and at what levels of service?
 - What do those services cost?
 - What are the alternatives?
- ◆ Septic-sewer conversion and financing
 - Focus on OPA and North Tustin
- ◆ Water/Waste Water/Urban runoff

Selection of Technical Brainstorming Committees

The SWG selected macro issues for further study by technical brainstorming committees. The roles of the brainstorming committees will be to:

- ◆ Identify the major future challenges and opportunities that need to be anticipated and addressed in order for the focus area to be able to maintain an acceptable quality of life over the next 15 to 20 years.
- ◆ Brainstorm *all* of the alternatives that should be considered for addressing the major challenges and opportunities.
- ◆ The TBC will identify and recruit other technical experts not necessarily on the Working Group to participate in the brainstorming work of the committee. The list of the TBC participants will be part of the TBC work product.

(The TBC work product may include items and challenges in addition to those outlined during the trending data presentation if committee members so desire.)

Of the potential macro issues listed, the MSR working group selected the following macro issues and established technical committees with the following composition to facilitate further consideration/exploration:

- ◆ County Unincorporated Area MSR (Orange islands, OPA, North Tustin)
 - LAFCO staff (Facilitator)
 - Rob Richardson (County of Orange – County Executive Office)
 - John Secor (North Tustin Resident)
- ◆ Septic-Sewer Conversion and Financing
 - LAFCO staff (Facilitator)
 - Rob Richardson (County of Orange – County Executive Office)
 - John Secor (North Tustin Resident)
 - Tom Davidson (Orange Park Acres Resident)

- ◆ Open Space
 - Mike Boeck (Facilitator/ Alternate for Mark Levy – Silverado-Modjeska Parks and Recreation District)
 - Tom Davidson (Orange Park Acres Resident)
- ◆ Water/Waste Water/Urban Runoff
 - Harvey Gobas (Facilitator – East Orange County Water District)
 - Art Kidman (Santiago County Water District)
 - Paul Jones (Irvine Ranch Water District)
 - Frank Page (Orange Resident)
 - Larry McKenney (County of Orange – Watershed and Coastal Resources Division)

The question of how to add outside experts to the technical committees was directed towards working group members. The group decided that each of the technical committees would decide amongst themselves what experts were needed.

Schedule for Technical Brainstorming Committees

- ◆ As decided per working group discussion, the brainstorming committees' facilitators will be responsible for convening and directing the work of their committees within the agreed upon timeframes.
- ◆ The SWG agreed that meeting on July 9th to receive status updates and reports from the brainstorming committees would help keep the committees on task.

Preparation and Presentation of Brainstorming Reports to SWG

- ◆ Each brainstorming committee will provide a status update to the SWG at the July 9 meeting. The status update should include a progress report detailing the committee's completed and projected activities and name any technical experts who will be utilized in the process.
- ◆ Each of the committees is expected to present a final report to the Stakeholder Working Group on August 13.

Next Meeting

The next MSR Stakeholder Working Group meeting will convene on July 9, 2004.

Adjournment

The meeting concluded and was adjourned at approximately 1:00 pm.